

House File 2356 - Introduced

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BY WESSEL-KROESCHELL, BYRNES,
and HEDDENS

A BILL FOR

1 An Act relating to postsecondary student financial assistance
2 and graduation rates.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 261.115 Public service loan
2 repayment program.

3 1. A public service loan repayment program is established to
4 be administered by the commission.

5 2. An individual is eligible for the program if the
6 individual is a resident of Iowa and is employed full-time by
7 a public service organization located in Iowa. For purposes
8 of this section, "*public service organization*" includes a state
9 agency, an institution of higher education governed by the
10 state board of regents, an area education agency, a school
11 district, a public child or family service agency, a nonprofit
12 organization that is exempt from taxation under section
13 501(a) of the Internal Revenue Code, or a private organization
14 that is a not-for-profit business, a labor union, a partisan
15 political organization, or an organization engaged in religious
16 activities that provides any of the following secular services:

- 17 a. Emergency management.
18 b. Military service.
19 c. Public safety.
20 d. Law enforcement.
21 e. Public interest law services.
22 f. Early childhood education.
23 g. Public service for individuals with disabilities and the
24 elderly.
25 h. Public health.
26 i. Public education.
27 j. Public library services.
28 k. School library or other school-based services.

29 3. Each applicant for loan repayment shall submit
30 information requested by the commission in the manner required
31 by the commission, including but not limited to an affidavit of
32 employment verifying that the applicant meets the requirements
33 of subsection 2.

34 4. The annual amount of loan repayment shall not exceed
35 twenty percent of the individual's total federally guaranteed

1 Stafford loan amount under the federal family education loan
2 program or the federal direct loan program, including principal
3 and interest, whichever amount is less. The total amount of
4 loan repayment to an individual pursuant to this subsection
5 shall not exceed fifty thousand dollars. An individual shall
6 be eligible to apply for the loan repayment program for not
7 more than five years, but the individual has ten years to
8 complete the employment requirements.

9 5. A public service loan repayment fund is created in the
10 state treasury as a separate fund under the control of the
11 commission. The fund shall consist of any moneys appropriated
12 by the general assembly and any other moneys available to
13 and obtained or accepted by the commission from the federal
14 government or private sources for placement in the fund.
15 Notwithstanding section 8.33, moneys deposited in the fund
16 shall not revert to any fund of the state at the end of any
17 fiscal year but shall remain in the fund and be continuously
18 available for purposes of this section. Notwithstanding
19 section 12C.7, subsection 2, interest or earnings on moneys
20 deposited in the fund shall be credited to the fund.

21 6. The commission shall submit by January 1 annually
22 a report to the general assembly listing the number of
23 individuals who received loan repayment pursuant to this
24 section during the most recent fiscal year, the types of public
25 service organizations by which the program participants were
26 employed, the amount paid to each program participant, and
27 other information identified by the commission as indicators
28 of outcomes from the program.

29 Sec. 2. Section 262.9, subsection 9, Code Supplement 2011,
30 is amended to read as follows:

31 9. Accept and administer trusts and may authorize nonprofit
32 foundations acting solely for the support of institutions
33 governed by the board to accept and administer trusts deemed
34 by the board to be beneficial. Notwithstanding the provisions
35 of section 633.63, the board and such nonprofit foundations

1 may act as trustee in such instances. Beginning July 1, 2013,
2 the board shall require the foundations to ask each individual
3 who makes a charitable donation to the foundation whether the
4 donor will permit five percent of the amount donated to be set
5 aside by the foundation for deposit into a scholarship fund for
6 students enrolled at the institution for which the foundation
7 is acting.

8 Sec. 3. Section 262.9, Code Supplement 2011, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 36. Develop and implement by July 1, 2014,
11 a policy addressing the measures that institutions of higher
12 education governed by the board shall take to provide financial
13 literacy information, tools, and skills to the institutions'
14 students.

15 Sec. 4. Section 262.26, Code 2011, is amended to read as
16 follows:

17 **262.26 Report of board.**

18 The board shall, biennially, at the time provided by
19 law, report to the governor and the legislature such facts,
20 observations, and conclusions respecting each of such
21 institutions as in the judgment of the board should be
22 considered by the legislature. Such report shall contain
23 an itemized account of the receipts and expenditures of the
24 board, and also the reports made to the board by the executive
25 officers of the several institutions or a summary thereof,
26 and shall submit budgets for biennial appropriations deemed
27 necessary and proper to be made for the support of the several
28 institutions and for the extraordinary and special expenditures
29 for buildings, betterments, and other improvements. Beginning
30 July 1, 2013, reports submitted to the board by the executive
31 officers of the institutions of higher education governed by
32 the board pursuant to this section shall include but not be
33 limited to the four-year, five-year, and six-year student
34 graduation rates of the institutions.

35 EXPLANATION

1 This bill establishes a public service loan repayment
2 program for Iowa residents who are employed full-time by a
3 public service organization located in the state. The bill
4 also directs the state board of regents to require, beginning
5 July 1, 2013, the nonprofit foundations which act solely
6 for the support of its universities to ask each foundation
7 donor to permit 5 percent of the donation to be set aside
8 for scholarships; to develop and implement by July 1, 2014,
9 a policy addressing the measures that its universities shall
10 take to provide financial literacy information, tools, and
11 skills to their students; and to include in the report the
12 board submits biennially to the governor and the legislature,
13 beginning July 1, 2013, reports submitted by the institutions'
14 presidents regarding their institution's four-year, five-year,
15 and six-year graduation rates.

16 For purposes of the public service loan repayment program,
17 the term "public service organization" includes a state
18 agency, an institution of higher education governed by the
19 state board of regents, an area education agency, a school
20 district, a public child or family service agency, a nonprofit
21 organization that is exempt from taxation under section
22 501(a) of the Internal Revenue Code, or a private organization
23 that is a not-for-profit business, a labor union, a partisan
24 political organization, or an organization engaged in religious
25 activities that provides any of the following secular services:
26 emergency management, military service, public safety, law
27 enforcement, public interest law services, early childhood
28 education, public service for individuals with disabilities and
29 the elderly, public health, public education, public library
30 services, or school library or other school-based services.

31 The annual amount of loan repayment shall not exceed 20
32 percent of the individual's total federally guaranteed Stafford
33 loan amount under the federal family education loan program
34 or the federal direct loan program, including principal and
35 interest, whichever amount is less. The total amount of loan

1 repayment an individual may be eligible to receive shall not
2 exceed \$50,000. An individual shall be eligible to apply
3 for the loan repayment program for not more than five years,
4 but the individual has 10 years to complete the employment
5 requirements.

6 The bill creates a public service loan repayment fund in the
7 state treasury under the control of the college student aid
8 commission for deposit of moneys appropriated to or received by
9 the commission for purposes of the program. Moneys in the fund
10 do not revert to any fund of the state at the end of any fiscal
11 year but shall remain continuously available for loan repayment
12 under the program. Interest or earnings on moneys deposited in
13 the fund shall be credited to the fund.

14 The commission shall submit by January 1 annually a report
15 to the general assembly listing the number of individuals who
16 received loan repayment during the most recent fiscal year,
17 the types of public service organizations by which the program
18 participants were employed, the amount paid to each program
19 participant, and other information identified by the commission
20 as indicators of outcomes from the program.